

Hot Rock Limited ACN 120 896 371

Rights Issue Offer Document Pursuant to S708AA(2) *Corporations Act* 2001 (Cth)

A non renounceable rights issue to existing Shareholders of Hot Rock Limited of 2 New Shares at an issue price of \$0.055 each for every 5 Shares held to raise up to approximately \$2.34 million before costs of the Offer.

The Offer is fully underwritten by Bizzell Capital Partners Pty Ltd.

Important notice

This document is not a prospectus. This document does not contain all of the information that an investor may require in order to make an informed investment decision regarding the New Shares offered by this document. The New Shares offered by this document should be considered speculative.

This document should be read in its entirety. If after reading this document you have any questions about the Offer or the New Shares then you should consult your stockbroker, accountant or other professional advisor.

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Key dates for investors

Record Date for determining entitlements under the Offer:	16 November 2010
Offer Opens:	19 November 2010
Offer Expected to Close:	9 December 2010
Allotment of New Shares:	17 December 2010
Trading of New Shares commences:	20 December 2010
Expected Date for Despatch of Transaction Confirmation Statements:	21 December 2010

Offer statistics

Number of New Shares to be issued:	42,527,002*
Offer Price:	\$.055

**Excludes any New Shares that may be issued upon the exercise of Existing Vested Options as well as any Shares to be issued under the Additional Placement*

All dates are subject to change and accordingly are indicative only. In particular, the Company has the right to vary the dates of the Offer, without prior notice. Investors are encouraged to submit their Entitlement and Acceptance Forms as soon as possible.

Important notice

The offer made pursuant to this Offer Document is for a rights issue of continuously quoted securities (as defined in the *Corporations Act 2001 (Cth) (Corporations Act)*) of the Company. This Rights Issue Offer Document is not a disclosure statement for the purposes of Chapter 6D of the *Corporations Act*. The Company is offering the securities under this Offer Document without disclosure to investors under Chapter 6D of the *Corporations Act* pursuant to section 708AA of the *Corporations Act*. Accordingly, the level of disclosure contained in this Offer Document is significantly less than that required under a prospectus and Eligible Shareholders should consider all relevant facts and circumstances, including their knowledge of the Company and disclosures made to the ASX and should consult their professional advisors before deciding whether to accept the Offer.

This Offer Document is dated 5 November 2010 and was lodged with the ASX on that date. The ASX does not take any responsibility for the contents of this Offer Document.

Securities will only be issued on the basis of this Offer Document in accordance with the terms set out in this Offer Document.

As at the date of this Offer Document, the Company has complied with:

- the provisions of Chapter 2M of the *Corporations Act*, as they apply to the Company; and

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- section 674 of the *Corporations Act*.

No excluded information

As at the date of this Offer Document the Company is not aware of any excluded information of the kind which would require disclosure in this Offer Document pursuant to subsections 708AA (8) and (9) of the *Corporations Act* other than as set out in section 5.2 of this Offer Document.

Foreign Shareholders

The Company has not made any investigation as to the regulatory requirements that may prevail in the countries, outside of Australia, in which the Company's Shareholders may reside. The distribution of this Offer Document in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Offer Document should seek advice on and observe those restrictions. Any failure to comply with restrictions might constitute a violation of applicable securities laws.

The Offer may only be accepted by Eligible Shareholders and does not constitute an offer in any place in which or to any person to whom, it would be unlawful to make such an offer.

The Company has decided that it is unreasonable to make offers under the Offer to Shareholders with registered addresses outside Australia and New Zealand having regard to the number of Shareholders in those places, the number and value of the New Shares they would be offered and the cost of complying with the legal and regulatory requirements in those places. Accordingly, the Offer is not being extended to, and does not qualify for distribution or sale by, and no New Shares will be issued to Shareholders having registered addresses outside Australia and New Zealand.

It is the responsibility of overseas Applicants to ensure compliance with all laws of any country relevant to their Acceptance.

Glossary

A number of terms and abbreviations used in this Offer Document have defined meanings, which are explained in the Glossary.

Money as expressed in this Offer Document is in Australian dollars or else as indicated.

Please read this document carefully before you make a decision to invest. An investment in the Company has a number of specific risks which you should consider before making a decision to invest. Some of these risks are summarised in Section 4.

Compliance Statement

The information in this Offer Document (including the Annexure to this Offer Document) that relates to Geothermal Resources has been compiled by Peter Barnett, an employee of Hot Rock. Mr Barnett has over 30 years' experience in the determination of crustal temperatures and stored heat for the style relevant to the style of geothermal play outlined in this presentation. He is a member of the Geothermal Resources Council and the International Geothermal Association, a current board member of the New Zealand Geothermal Association, a past board member of the Auckland University Geothermal Institute Board of Studies and a current member of the Economics Sub Committee of the Australian Geothermal Association. Mr Barnett qualifies as a Competent Person as defined by the Australian Code of Reporting of Exploration Results, Geothermal Resources and Geothermal Reserves (2008 Edition). Mr Barnett consents to the public release of this Offer Document in the form and context in which it appears. Neither Mr Barnett nor Hot Rock takes any responsibility for selective quotation of this Statement or if quotations are made out of context.

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Chairman's letter

5 November 2010

Dear Shareholder,

On behalf of the Directors I am pleased to invite you to take up your entitlement to new ordinary fully paid shares (**New Shares**) in Hot Rock Limited (**the Offer**).

Your company has made excellent progress in advancing our projects within Australia, Chile and Peru. Importantly, we have gained an early mover advantage by securing some of the best geothermal projects within each of these highly prospective regions, which have never been explored for geothermal energy. This advantage provides the opportunity for Hot Rock to discover large geothermal deposits in each country.

We are now at the stage of having a pipeline of exciting quality projects being granted in Chile and Peru and are now ready to commence exploration programs including mapping, sampling and magneto-telluric (MT) surveys, which will assist in outlining geothermal reservoirs for drill testing that potentially lead to discoveries and geothermal developments.

Recently, your Company was offered and has accepted a Commonwealth Government Geothermal Drilling Program (GDP) grant for \$7 million subject to certain conditions being met. This grant has been offered on a dollar for dollar basis for eligible expenditure on a two well appraisal drilling and testing program on the flagship Koroit project in the Otway Basin of south-west Victoria. The Board believes the Koroit project is one of the best geothermal projects for potential near-term development in Australia and is advancing all the necessary work to enable a spud date for the first well in 2011 when a rig is available. Because of the high cost of the program the Board has decided that the best approach for the Company is to secure a joint venture partner early to help fund this project. The Company is in continuing discussions with potential joint venture partners.

Following the recent announcement of a placement of ordinary Shares at \$0.06 per Share to raise approximately \$830,000 (**Placement**), the Directors now wish to provide the opportunity for Eligible Shareholders to invest in New Shares under a rights issue. The Offer is a non-renounceable rights issue of 2 New Shares at \$0.055 per New Share for every 5 Shares held, to raise approximately \$2.34 million.

The rights issue is fully underwritten by Bizzell Capital Partners Pty Ltd an entity associated with Director Stephen Bizzell.

The proceeds of the New Shares issued pursuant to this Offer will be utilised in providing funding towards:

- costs relating to exploration of the Company's South American projects;
- ongoing exploration and appraisal programs aimed at determining the "proof of concept" program at the Koroit project and determining geothermal resources in the Company's Victorian permits; and
- other corporate and offer costs as well as working capital requirements.

The Offer is open from 19 November 2010 and is due to close on 9 December 2010. The Company will apply for the New Shares to be quoted on ASX.

Some of the Directors intend to take up some or all of their Entitlements to New Shares and further details in this regard are set out in section 1.10 of this Offer Document.

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A summary of the key information with respect to the Offer is set out in this Offer Document. Please read the Offer Document carefully before deciding whether or not to invest. If there is any matter on which you require further information, you should consult your stockbroker, accountant or other professional advisor.

On behalf of the Directors, I thank you for your continued support and I invite you to consider this investment opportunity.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'M Elliott', is positioned above the typed name.

Dr Mark Elliott
Executive Chairman
Hot Rock Limited

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1. Offer details

1.1 The Offer

This Offer Document is for the non-renounceable rights issue of approximately 42,527,002 New Shares at an issue price of \$0.055 per New Share, on the basis of 2 New Shares for every 5 Shares held by Eligible Shareholders as at the Record Date.

The Offer may be increased to a total of 6,700,000 New Shares if holders of Existing Vested Options exercise their Existing Vested Options prior to the Record Date.

1.2 Minimum subscription

There is no minimum subscription to the Offer.

1.3 New Share terms

Each New Share will rank equally with all existing Shares then on issue. Full details of the rights and liabilities attaching to the Shares are set out in the Company's constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

1.4 Acceptance of Entitlement to New Shares

The number of New Shares to which each Eligible Shareholder is entitled is calculated as at the Record Date and is shown on the personalised Entitlement and Acceptance Form accompanying this Offer Document. This Offer Document is for the information of Eligible Shareholders who are entitled and may wish to apply for the New Shares. Fractional entitlements will be rounded up to the nearest whole number.

Entitlements to New Shares can be accepted in full or in part by completing and returning the Entitlement and Acceptance Form which accompanies this Offer Document in accordance with the instructions set out below and on the Entitlement and Acceptance Form.

1.5 Additional Shares

Each Eligible Shareholder may apply for additional New Shares (**Additional Shares**), in addition to their Entitlement, at an issue price of \$0.055 per New Share. In the event that there is a Shortfall in subscriptions under the Offer, the Directors reserve the right to allocate any Shortfall of New Shares to subscribers for Additional Shares at their absolute discretion in consultation with the Underwriter. The Company may reject any application for Additional Shares or allocate fewer New Shares than applied for by subscribers for Additional Shares.

The ability for the Company to issue Additional Shares is dependant upon the extent of any Shortfall to the Offer. Applications for Additional Shares must be made in the Additional Shares section on the Entitlement and Acceptance Form accompanying this Offer Document.

1.6 Purpose of the Offer

The funds raised by the Offer (together with funds raised by the Placement and existing cash on hand) will be applied to enable the Company to advance exploration at its South American projects, as well as the Koroit project, working capital and Offer costs as set out below:

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Proposed use of funds	\$M (Full Proceeds from the Offer) ¹	\$M (Assuming Additional Placement proceeds) ²
Exploration in Chile	1.5	2.0
Exploration in Peru	0.5	1.0
Preparation for Koroit drilling	0.6	0.6
Costs of the capital raising (including the Placement, Offer and Additional Placement)	0.2	0.3
Corporate and working capital	0.8	0.7
Total	3.6³	4.6³

Notes:

1. Assumes all New Shares under the Offer are issued.
2. Assumes the Additional Placement referred to in Section 1.16 proceeds.
3. Excludes \$6.65 million in GDP drilling grant which is required to be spent on Koroit and includes cash on hand as at 30 September 2010.

However, in the event that circumstances change or other better opportunities arise the Directors reserve the right to vary the proposed uses of funds to maximise the benefit to Shareholders.

1.7 Important dates

Announcement and application for official quotation of New Shares	5 November 2010
Ex Date	9 November 2010
Record Date for the Offer	16 November 2010 7.00 pm (AEDT)
Section 708AA notice given to ASX	18 November 2010
Dispatch of Offer Document and Acceptance Form	19 November 2010
Opening Date of Offer	19 November 2010 at 9:00am (Brisbane time)
Closing Date of Offer	9 December 2010 at 5:00pm (Brisbane time)
Allotment of New Shares	17 December 2010
Trading of New Shares Commences	20 December 2010
Despatch of New Shares Transaction Confirmation Statements	21 December 2010

The dates set out in this table are subject to change and are indicative only. The Company reserves the right to alter this timetable at any time, subject to the *Corporations Act* and the Listing Rules, without notice. The Directors, subject to the requirements of the Listing Rules and the *Corporations Act*, reserve the right to:

- withdraw the Offer without prior notice; or
- vary any of the important dates set out in this Offer, including extending the Offer.

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1.8 How to accept your entitlement

Eligible Shareholders may accept their Entitlement either in whole or in part.

The number of New Shares to which Eligible Shareholders are entitled to is shown on the Entitlement and Acceptance Form which accompanies this Offer Document.

If Eligible Shareholders take no action in respect of their Entitlement they will have no right to subscribe for the New Shares pursuant to this Offer.

Entitlements to New Shares can be accepted in full or in part by completing and returning the Entitlement and Acceptance Form which accompanies this Offer Document in accordance with the instructions set out on the Entitlement and Acceptance Form and forwarding the completed Form together with payment for the full amount so as to reach the Share Registry by no later than 5.00pm (Brisbane time) on the Closing Date. Payment may be made by cheque, bank draft or BPAY®.

The Offer Price of \$0.055 per New Share is payable in full on acceptance of part or all of your Entitlement.

Cheques should be in Australian currency and made payable to "Hot Rock Limited - Rights Issue Account" and crossed "not negotiable".

Completed Forms and accompanying cheques should be lodged at or forwarded to the following address:

Hot Rock Limited	OR	Hot Rock Limited
Hot Rock Limited Rights Issue		Hot Rock Limited Rights Issue
c/- Link Market Services Limited Locked Bag 3415 Brisbane Qld 4001		c/- Link Market Services Limited Level 15 324 Queen Street Brisbane Qld 4000

Entitlement and Acceptance Forms will not be accepted at the Company's registered office.

No brokerage, handling fees or stamp duty is payable by Applicants in respect of their applications for New Shares under this Offer Document. The amount payable on acceptance will not vary during the period of the Offer and no further amount is payable on allotment. Acceptance Money will be held in trust in a subscription account until allotment of the New Shares. The subscription account will be established and kept by the Company on behalf of the Applicants. Any interest earned on the Acceptance Money will be retained by the Company irrespective of whether allotment takes place.

1.9 Allotment and allocation policy

The Company will proceed to allocate New Shares as soon as possible after the Closing Date and receiving ASX permission for official quotation of the New Shares.

In the case that there is less than full subscription by Eligible Shareholders to their Entitlements under this Offer Document, the Directors reserve the right to issue any Shortfall at their discretion in consultation with the Underwriter.

Successful Applicants will be notified in writing of the number of New Shares allocated to them as soon as possible following the allocation being made.

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It is the responsibility of Applicants to confirm the number of New Shares allocated to them prior to trading in New Shares. Applicants who sell New Shares before they receive notice of the number of New Shares allocated to them do so at their own risk.

1.10 Director's Entitlements

Each of the Directors have either a direct and/or indirect interest in Shares. Set out below is a table summarising the Entitlement of these Directors and their associates and how they intend to treat their Entitlement.

Director	Shares	Entitlement	Intentions
Mark Elliott	7,500,000	3,000,000	Take up Entitlement to the extent of 2,000,000 New Shares
Stephen Bizzell	5,587,500	2,235,000	Take up Entitlement in full ¹
Peter Barnett	2,000,000	800,000	Take up Entitlement in full ²
Michael Sandy	3,000,000	1,200,000	Not take up any of his Entitlement

Notes:

- Bizzell Capital Partners Pty Ltd, an entity associated with Stephen Bizzell, has entered an agreement to underwrite the Offer. Details of the Underwriting Agreement are set out in Section 5.2 of this Offer Document. Details of Stephen Bizzell's potential interest in the Company following the Offer is set out in Section 3.1 of this Offer Document.*
- Peter Barnett has entered an agreement with Bizzell Capital Partners Pty Ltd (as Underwriter) to sub-underwrite part of the Offer up to a maximum of 600,000 New Shares (in addition to his Entitlement). Details of the Sub-underwriting Agreement are set out in Section 5.3 of this Offer Document*

1.11 ASX listing

The Company applied for the listing and quotation of the New Shares on the ASX on 5 November 2010. If granted, quotation of the New Shares will commence as soon as practicable after allotment of the New Shares to Applicants. It is the responsibility of the Applicants to determine their allocation of New Shares prior to trading.

1.12 Investment risks

Investors should carefully read the section on Risk Factors outlined in Section 4. An investment of this kind involves a number of risks, a number of which are specific to the Company and the industry in which it operates.

1.13 CHESS

The Company will apply for the New Shares to participate in CHESS, in accordance with the ASX Listing Rules and ASTC Settlement Rules.

The Company will not issue certificates to Shareholders with respect to the New Shares. After allotment of the New Shares, Shareholders who are issuer sponsored will be provided with an issuer sponsored statement and those who are CHESS Holders will receive an allotment advice.

The CHESS statements, which are similar in style to bank account statements, will set out the number of New Shares allotted to each successful applicant pursuant to this Offer Document. The statement will also advise holders of their holder identification number. Further statements will be provided to holders which reflect any changes in their holding in the Company during a particular month.

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1.14 No rights trading

Entitlements to New Shares pursuant to the Offer are non renounceable and accordingly will not be traded on the ASX.

1.15 Underwriting

The Offer is underwritten by Bizzell Capital Partners Pty Ltd. The terms of the Underwriting Agreement are set out in section 5.2 of this Offer Document.

Stephen Bizzell has an interest in 5,587,500 Shares and an Entitlement to 2,235,000 New Shares under the Offer. If Bizzell Capital Partners Pty Ltd was required to subscribe for all of the New Shares, upon completion of the Offer (assuming that none of the Existing Vested Options were exercised prior to the Record Date), Mr Bizzell would have an interest in 48,114,502 Shares, representing 32.33% of the Shares on issue in the Company after completion of the Offer. If all of the Existing Vested Options were exercised prior to the Record Date and Bizzell Capital Partners Pty Ltd was required to subscribe for all of the New Shares, upon (including those existing vested options held by Mr Bizzell) completion of the Offer, Mr Bizzell would have an interest in 59,314,502 Shares, representing 34.43% of the Shares on issue in the Company after completion of the Offer.

Bizzell Capital Partners Pty Ltd has entered sub-underwriting agreements with a number of parties, including Mr Peter Barnett, a director of the Company (**Barnett Sub-Underwriting**). Under the terms of the Barnett Sub-Underwriting, Mr Barnett has agreed to sub-underwrite a maximum of 600,000 New Shares on a priority basis. If Mr Barnett is required to subscribe for all of the New Shares sub-underwritten (in addition to his full Entitlement which he intends to take up), Mr Barnett would have an interest in 3,400,000 Shares, representing 2.28% of the Shares on issue after completion of the Offer. If all of the Existing Vested Options (including those Existing Vested Options held by Mr Barnett) were exercised prior to the Record Date and Mr Barnett was required to subscribe for all of the New Shares sub-underwritten, upon completion of the Offer, Mr Barnett would have an interest in 9,000,000 Shares, representing 5.22% of the Shares on issue in the Company after completion of the Offer.

1.16 Additional Placement

Following the close of the Offer, the Underwriter will have the right, but not the obligation, to place on behalf of the Company, additional Shares (over and above those to be issued under the Offer) to be issued to Sophisticated Investors at the Offer Price (**Additional Placement**). The maximum number of Shares able to be issued under the Additional Placement will be 18,181,815 Shares.

The Additional Placement will be subject to any necessary shareholder approval and will proceed at the Underwriter's sole discretion. In the event that the Underwater elects not to exercise its right, the Company will not proceed with the Additional Placement.

The Shares issued under the Additional Placement rank equally with Shares on issue before the Additional Placement.

1.17 Broker handling fee

A stamping fee equal to 1.25% of the Application amount (including GST) of New Shares issued under the Rights Issue (to a maximum payment of \$200 per Application) will be paid by the Underwriter to stockbrokers who submit a valid claim for a broker stamping fee on successful Applications.

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1.18 Optionholders

Optionholders will not be entitled to participate in the Offer unless they:

- (a) have become entitled to exercise their Existing Options under the terms of their issue and do so prior to the Record Date; and
- (b) participate in the Offer as a result of being a holder of Shares registered on the share register at 5.00pm (Brisbane time) on the Record Date.

There are currently 25,500,000 Existing Options on issue of which 16,750,000 have vested and are therefore capable of exercise. If any of the Existing Vested Options are exercised prior to the Record Date, additional New Shares will be issued under the Offer under this Offer Document. If all Existing Vested Options on issue at the date of this Offer Document were exercised prior to the Record Date, the Company's issued shares would increase by 16,750,000 Shares, resulting in a further 6,700,000 New Shares being issued pursuant to the Offer. This would increase the Company's total Shares on issue after completion of the Offer to 172,294,508 Shares.

1.19 Overseas shareholders

This Offer Document and accompanying forms do not, and are not intended to, constitute an offer of New Shares in any place outside Australia in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Offer or that Form. The distribution of this Offer Document and the accompanying Form in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Offer Document and the accompanying form should seek advice on and observe those restrictions. Any failure to comply with those restrictions may constitute a violation of applicable securities laws.

The Company has decided that it is unreasonable to make offers under the Offer to Shareholders with registered addresses outside Australia and New Zealand having regard to the number of Shareholders in those places, the number and value of the New Shares they would be offered and the cost of complying with the legal and regulatory requirements in those places. Accordingly, the Offer is not being extended to, and does not qualify for distribution or sale by, and no New Shares will be issued to Shareholders having registered addresses outside Australia and New Zealand.

Hot Rock has appointed Centec Securities Limited to act as nominee for the purposes of section 615 of the Corporations Act, subject to obtaining ASIC approval. In the event that ASIC approval is not obtained, a replacement nominee approved by ASIC will be appointed.

Hot Rock must issue to the nominee the New Shares that would otherwise be issued to Eligible Shareholders having a registered address outside of Australia and New Zealand.

The nominee must sell such New Shares at a price and otherwise in a manner determined by the nominee in its sole discretion. Neither Hot Rock nor the nominee will be held liable for the sale of any such New Shares at any particular price or the timing of such sale. The proceeds from the sale will be distributed to those Shareholders for whose benefit the New Shares are sold in proportion to their shareholdings as at the Record Date (after deducting costs).

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2. The Company and its operations

Hot Rock's vision is to become a world leader in clean energy by the exploration, development and operation of profitable geothermal projects. Hot Rock is building a portfolio of geothermal projects for exploration and potential discovery followed by development. The Company's strategy to achieve this vision is to identify, acquire and explore quality geothermal projects in attractive technical and commercial environments.

Whilst geothermal energy has been used for electricity generation for over 60 years in some countries, it is relatively new to Australia, Chile and Peru. In Australia, the Company believes the best near-term geothermal development opportunities are Hot Sedimentary Aquifer (HSA) projects located near existing transmission networks and markets such as the Company's projects in the Otway Basin, Victoria. HSA type projects are proven producers and have operated commercially in California for over 25 years.

Current world geothermal power generation is dominated by high temperature volcanic related geothermal projects, which in some cases compete commercially with fossil fuel power projects without additional green energy revenue assistance. Hot Rock has identified Chile and Peru in South America as having favourable commercial and government policies along with outstanding potential for the discovery of high quality geothermal reservoirs for power generation.

Hot Rock continues to progress its projects in Australia, Chile and Peru. Importantly, Hot Rock has gained an early mover advantage, by securing some of the best geothermal projects within each of these highly prospective regions, which have never been explored for geothermal energy. This advantage provides the opportunity for Hot Rock to discover large world-class geothermal deposits in each country. These projects have been secured directly through the skills and experience of our team of geoscientists and support staff.

Chile and Peru shows excellent potential for the existence of high temperature geothermal projects. This is evidenced by the presence of surface hot springs, fumaroles and silica sinter deposits associated with volcanoes typical of those developed for geothermal power generation in the Philippines and Indonesia.

Our South American activities over the past year have been dominated by tenement applications. Good progress has been made in Chile with three tenements granted and a further ten applications made which the Company is actively progressing. Hot Rock has detailed field studies already underway in parallel with land access negotiations and community consultations. The Company expects to undertake magneto-telluric (MT) geophysical surveys in early 2011. This program is aimed at outlining potential geothermal reservoirs followed by detailed resource modelling and resource estimates in a number of tenements by mid 2011. Subsequent drilling programs are planned for late 2011 and 2012 which if successful may lead to geothermal discoveries and development. Hot Rock believes these projects will add substantially to shareholder value.

Hot Rock has identified and made applications for 8 geothermal exploration tenements in Peru and await grant before commencing exploration programs, similar to that outlined for the Chile projects.

Hot Rock has interests in most of the onshore Otway Basin in Victoria comprising a thick fractured sandstone rock containing hot water suitable for producing geothermal energy for power generation. Previous work on these tenements has included re-interpretation of extensive petroleum data including well and seismic data. This has led to three geothermal resources being outlined that may convert to 1000's of mega-watts of electricity if proven by drilling and testing. Hot Rock's most advanced project is Koroit near Warrnambool, where the

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highest temperatures exist at the shallowest depths within extensive thick fractured sandstone called the Pretty Hill Formation.

Koroit has advanced to the Proof of Concept stage, whereby a maiden drilling and testing programme is planned to commence in 2011. Procurement items with long lead times such as casing and wellheads have been ordered with casing already delivered. The planning and government approval process is nearing completion. Hot Rock has, subject to certain conditions being met, secured a grant for \$7million from the Federal government for the Proof of Concept program involving the drilling of two appraisal wells. Hot Rock is in discussion with potential joint venture partners to assist in the funding of this project.

In the meantime planning and site work is proceeding to enable the drilling program to commence in 2011. Koroit remains a focus of the Company and has the potential to be the first "grid connected" geothermal generator.

Further details regarding the Company's operations are contained in the Investor Presentation annexed to this Offer Document.

3. Control issues arising from the offer on the Company

3.1 Present position

At the date of this Offer Document the Company is of the view that there is no one entity who controls the Company.

The top 20 shareholders of the Company as at 3 November 2010 are as follows:

Name	Shares	%
LORRAINE JEAN ZILLMAN	7,500,000	8.11
ELLIOTT NOMINEES P/L	6,500,000	7.03
CHIMAERA CAPITAL LIMITED	5,475,000	5.92
MR IAN LINDSAY CAMPBELL	5,000,000	5.41
AUSTRALIAN HERITAGE GROUP PTY	4,000,000	4.33
BIZZELL NOMINEES PTY LTD	3,000,000	3.24
DR BARRY JOHN BARKER & MRS JAYE ABBYE BARKER	2,000,000	2.16
PETER RODNEY BARNETT	2,000,000	2.16
BCP ALPHA INVESTMENTS PTY LTD	2,000,000	2.16
MICHAEL JOHN SANDY	2,000,000	2.16
ALBIANO HOLDINGS PTY LTD	1,424,567	1.54
RESOURCE AND LAND MANAGEMENT	1,250,000	1.35
DOWNSHIRE INVESTMENTS PTY LTD	1,130,000	1.22
PREPET PTY LTD	1,076,641	1.16
RED BEETROOT PTY LTD	1,034,788	1.12
PENELOPE LYNN BURNS	1,000,000	1.08
SCINTILLA STRATEGIC	1,000,000	1.08
SODELL INVESTMENTS P/L	1,000,000	1.08
JONNOLA PTY LTD	939,272	1.02
MR DOUGAL MALCOLM HENDERSON	900,000	0.97
Total:	50,230,268	54.33

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However, following the close of the Offer as a result of the dispersion strategy of any Shortfall, the shareholding of certain shareholders could alter to the extent that they have a Relevant Interest in the Company that is 20% or more.

The table below illustrates the possible effects of the Offer on the Relevant Interests of Mr Stephen Bizzell, a Director of the Company, who is associated with Bizzell Capital Partners Pty Ltd which has entered an Underwriting Agreement to underwrite the Offer. Further details of the Underwriting Agreement are set out in Section 1.1 of this Offer Document.

Shareholder	Current Holding ¹		Post Offer Holding assuming full entitlement taken up by all holders (and no subscription by Underwriter required) ^{3, 5, 6}		Maximum Post Offer Holding assuming no holders take up their entitlements and Underwriter subscribes for maximum amount ^{4, 5, 6}	
	No.	%	No.	%	No.	%
Stephen Bizzell ²	5,587,500	5.26%	7,822,500	5.26%	48,114,502	32.33%

Notes:

1. Includes Shares issued pursuant to the Placement announced on 5 November 2010.
2. Includes Shares held by Bizzell Nominees Pty Ltd as trustee for the Bizzell Family Trust, BCP Alpha Investments Limited and Bizzell Capital Partners Pty Ltd being entities in which Stephen Bizzell has a Relevant Interest as well as Shares held by Stephen Bizzell as trustee for each of Thomas Stephen Trestrail Bizzell, Samuel William Trestrail Bizzell and Sophia Florence Trestrail Bizzell.
3. Assumes all Shareholders (including the Underwriter) take up their full Entitlements and the Underwriter is not required to subscribe for any New Shares pursuant to the Underwriting Agreement.
4. Assumes no Shareholders take up their Entitlements and the Underwriter is required to subscribe for all of the New Shares pursuant to the Underwriting Agreement.
5. Assumes that no Existing Vested Options are exercised prior to the Record Date. In the event that all of the Existing Vested Options were exercised prior to the Record Date, the interest of Stephen Bizzell may increase to 14,122,500 (8.2% of the then issued capital) if the Underwriter is not required to subscribe for any New Shares pursuant to the Underwriting Agreement or to 59,314,502 (34.43% of the then issued capital) if the Underwriter is required to subscribe for all of the New Shares pursuant to the Underwriting Agreement.
6. Assumes that no Shares are issued under the Additional Placement and no Existing Vested Options are exercised prior to the Record Date. In the event that the maximum number of Shares are issued to investors nominated by the Underwriter under the Additional Placement, the interest of Stephen Bizzell may increase to 7,822,500 (4.68% of the then issued capital) if the Underwriter is not required to subscribe for any New Shares pursuant to the Underwriting Agreement or to 48,114,502 (28.81% of the then issued capital) if the Underwriter is required to subscribe for all of the New Shares pursuant to the Underwriting Agreement.
7. In the event that the maximum number of Shares are issued pursuant to the Additional Placement and all of the Existing Vested Options were exercised prior to the Record Date (including those held by Mr Bizzell), the interest of Stephen Bizzell may increase to 14,122,500 (7.412% of the then issued capital) if the Underwriter is not required to subscribe for any New Shares pursuant to the Underwriting Agreement or to 59,314,502 (31.14% of the then issued capital) if the Underwriter is required to subscribe for all of the New Shares pursuant to the Underwriting Agreement.

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3.2 Capital structure

Assuming full subscription under the Offer, the share capital structure of the Company immediately following the Offer assuming the Offer is fully subscribed will be as follows:

	Shares
Ordinary Shares on issue at the date of the Offer Document (including Shares issued under the Placement)	106,317,506
Shares that may be issued upon exercise of Existing Vested Options	16,750,000
Maximum number of New Shares under the Offer Document ¹	49,227,002
Additional Placement ²	18,181,815
Total:	190,476,323

Notes:

1. Includes 6,700,000 New Shares that would be issued if all Existing Vested Options were exercised prior to the Record Date.
2. These Shares will be issued if the Additional Placement described in Section 1.16 proceeds.

As at the date of this Offer Document, the Company has the following Existing Options on issue:

No of options	Exercise price	Vesting date	Expiry date
1,000,000	\$0.30	Vested	31 July 2012
1,000,000	\$0.35	Vested	31 July 2012
1,000,000	\$0.40	12 November 2010	31 July 2012
4,000,000	\$0.25	Vested	31 July 2011
1,000,000	\$0.30	Vested	1 March 2013
1,000,000	\$0.35	Vested	1 March 2013
1,000,000	\$0.40	1 March 2011	1 March 2013
8,750,000	\$0.25	Vested	1 December 2012
8,750,000	\$0.25	1 December 2010	1 December 2013

In addition, the Company has agreed, subject to obtaining shareholder approval, to issue the following Options to the Underwriter following the Offer as part of the Underwriting Fee:

No of options	Exercise price	Vesting date	Expiry date
2,707,485	\$0.25	Upon issue	3 years from date of issue

3.3 Potential effect of the Offer

The Offer is a pro-rata offer so that if all Eligible Shareholders take up their Entitlements and none of the Optionholders exercise their Existing Vested Options and participate in the Offer, the voting power of all Eligible Shareholders will remain the same. In that event, there will be no actual or potential effect or consequences arising from the Offer on the control of the Company.

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However, the proportional shareholdings of Shareholders who are not resident in Australia or New Zealand may be diluted as those Shareholders are not entitled to participate in the Offer. Additionally, if an Eligible Shareholder does not take up their Entitlement in full, there may be a dilutionary effect on that Shareholder's proportional shareholdings.

In the event of a Shortfall, the Directors of the Company reserve the right to place the Shortfall at their sole and absolute discretion in consultation with the Underwriter, subject to the terms of the Underwriting Agreement.

The Offer is being underwritten by Bizzell Capital Partners Pty Ltd. If the Underwriter is required to subscribe for New Shares under the Underwriting Agreement, it will impact on its shareholding in the Company. Further details on the effect that the Underwriting arrangements may have on the control of the Company are set out in section 3.1.

4. Risk factors

4.1 Introduction

The activities of the Company, as in any business, are subject to risks which may impact on its future performance. The Company has appropriate actions, systems and safeguards for known risks, however, some are outside its control. The principal risk factors are described below.

You should carefully consider the risks and uncertainties set out below and the information contained elsewhere in this Offer Document before you decide whether to accept New Shares.

4.2 Nature of investment

Any potential investor should be aware that subscribing for New Shares involves risks. The New Shares to be issued pursuant to this Offer carry no guarantee with respect to the payment of dividends, return on capital or the market value of those New Shares. An Applicant may not be able to recoup his or her initial investment. More specifically, the risks are that:

- (a) the price at which the Applicant is able to sell the New Shares is less than the price paid due to changes in market circumstances;
- (b) the Applicant is unable to sell the New Shares;
- (c) the Company is placed in receivership or liquidation making it reasonably foreseeable that Shareholders could receive none, or only some of their initial investment; and
- (d) the Company fails to generate sufficient profit in order to pay dividends.

4.3 Stock market

The New Shares may trade on the ASX at higher or lower prices than the Offer Price following listing. Investors who decide to sell their New Shares after listing may not receive the entire amount of their original investment.

The Shares of the Company are currently listed on the ASX. However, there can be no guarantee that there is or will be an active market in the Shares or that the price of the New Shares will increase.

The price at which the New Shares trade on the ASX may be affected by the financial performance of the Company and by external factors over which the Directors and the Company have no control. These factors include movements on international share markets,

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local interest rates and exchange rates, domestic and international economic conditions, government taxation, market supply and demand and other legal, regulatory or policy changes.

4.4 Economic factors

The operating and financial performance of the Company is influenced by a variety of general economic and business conditions including the levels of consumer confidence and spending, business confidence and investment, employment, inflation, interest rates, exchange rates, access to debt and capital markets, fiscal policy, monetary policy and regulatory policies. A prolonged deterioration in any number of the above factors may have a material adverse impact on the Company's business and financial performance.

4.5 Management actions

The Directors of the Company will, to the best of their knowledge, experience and ability (in conjunction with their management) endeavour to anticipate, identify and manage the risks inherent in the activities of the Company, but without assuming any personal liability for same, with the aim of eliminating, avoiding and mitigating the impact of risks on the performance of the Company and its securities.

4.6 Unforeseen expenses

While the Company is not aware of any expenses that may need to be incurred that have not been taken into account, if such expenses were subsequently incurred, the expenditure proposals of the Company may be adversely affected.

4.7 Funding Agreement

The Company has entered the Funding Agreement and whilst this is intended to provide the Company with funds of up to \$7 million for the purposes of the Koroit Project, the Commonwealth has a right to terminate for convenience under the Funding Agreement. The Company has an obligation under the Funding Agreement to match the Commonwealth funding. There is therefore a risk that the funding from the Commonwealth may not be available, either partially or fully which may affect the ability of the Company to continue its exploration for the Koroit project.

As at the date of this Offer Document, the Company has an obligation under the Funding Agreement to secure finance for the Koroit project by 17 November 2010. The Company was also required to have undertaken a community consultation process by 17 November 2010 and the Company has satisfied this condition.

The Company has requested an extension of the date for satisfying the specific obligation to secure finance for the Koroit project to 31 August 2011, however as at the date of this Offer Document, such extension has not been granted by the Federal Government. If the Federal Government does not grant the extension sought, the Company will not be able to satisfy these obligations by 17 November 2010 and the Federal Government may terminate the Funding Agreement which may affect the ability of the Company to continue its exploration for the Koroit project.

4.8 Additional capital requirements

Upon completion of the Offer, the Company expects to have sufficient capital to undertake its ongoing activities (excluding its obligations under the Funding Agreement which are discussed in section 4.7) for approximately the next six months. Accordingly, within this timeframe, the Company will be required to raise additional equity or debt capital to finance its drilling, development and commercialisation activities, including to meet its obligations under the

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Funding Agreement. There can be no assurance that the Company will be able to raise that finance on acceptable terms or in a timely manner.

The Company's ability to effectively implement its business strategy over time may depend in part on its ability to raise additional funds. There can be no assurance that any such equity or debt funding will be available to the Company on favourable terms or at all. If adequate funds are not available on acceptable terms, the Company may not be able to take advantage of opportunities or otherwise respond to competitive pressures.

4.9 Regulatory risk, Government policy

Changes in relevant taxation, interest rates, other legal, legislative and administrative regimes and Government policies in Australia, may have an adverse affect on the assets, operations and ultimately the financial performance of the Company and the market price of its securities.

4.10 Competition risk

The power industry in Australia and worldwide is becoming increasingly competitive. In addition to current competition in Australia and worldwide, the Company is likely to confront strong competition from other companies, some of whom are not current competitors but which may enter the market in the near term. Some of these may be large companies with significantly more technical, financial and marketing resources than the Company. The current competitors and any new entrants could pose a threat to the Company's ability to reach its financial goals.

4.11 Acquisition, integration and expansion risk

It is the Company's intention to grow the business through organic growth and strategic acquisitions. There is no guarantee that the Company will be successful in expanding its business either organically or by way of acquisition.

The Company may consider further acquisitions of businesses that fit within the planned business model. There is a risk that appropriate acquisition opportunities or alliances may not be available or that the target companies may not enter into dealings with the Company. There is no guarantee that future potential acquisitions will be available on favourable terms or that they will be integrated successfully.

Factors such as a downturn in the national or international economy can impact on the Company's expansion strategy and the Company's performance.

4.12 Insurance arrangements

The Company maintains insurance within ranges of coverage the Company believes to be consistent with industry practice and having regard to the nature of activities being conducted. No assurance however, can be given that the Company will be able to continue to obtain such insurance coverage at reasonable rates or that any coverage it arranges will be adequate and available to cover any such claims.

4.13 Operational risks and costs

The Company will be exposed to operational risks present in the exploration and development of geothermal projects such as failure to achieve predicted results in exploration, development, commissioning mechanical failure, metallurgical problems, adverse weather conditions, industrial and environmental accidents, industrial disputes, and capital and operating cost increases. The occurrence of any of these risks could result in substantial losses to the Company due to injury or loss of life, damage to or destruction of property, natural resources or equipment, pollution or other environmental damage, cleanup responsibilities, regulatory investigation and penalties or suspension of operations and being unable to comply with

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contractual obligations. Damages occurring to third parties as a result of such risks may give rise to claims against the Company. As such, operational risk has the potential to have a material adverse effect on the Company's financial performance and position as well as reputation. The Company will endeavour to take appropriate action or obtain appropriate insurance to mitigate these risks, however, certain residual risk will remain with the Company.

4.14 Business risks

There are risks inherent in doing business, such as unexpected changes in regulatory requirements, trade barriers, longer payment cycles, problems in collecting accounts receivable, network and infrastructure issues and potentially adverse tax consequences, any of which could adversely impact on the success of the Company's operations. Companies doing business in the technology industry operate in a rapidly changing and, at times, uncertain regulatory environment.

4.15 Contractual risk

The Company's ability to efficiently conduct its operations in a number of respects depends upon a third party product and service providers and contracts have, in some circumstances, been entered into by the Company and its subsidiaries in this regard. As in any contractual relationship the ability for the Company to ultimately receive benefits from these contracts are dependent upon the relevant third party complying with its contractual obligations. To the extent that such third party defaults in their obligations, it may be necessary for the Company to enforce its rights under any of the contracts and pursue legal action. Such legal action may be costly and no guarantee can be given by the Company that a legal remedy will ultimately be granted on appropriate terms.

4.16 Permit Applications and Renewal Risk

The Company holds exploration permits and tenement interests located in Australia which are therefore subject to Australian laws regarding exploration, expenditure and renewal of such interests. In addition, the Company, through its wholly owned Chilean and Peruvian subsidiaries, has been granted exploration permits in Chile and has applied for a number of further exploration permits in Chile and as well as exploration permits in Peru. All of the exploration permits and tenement interests held by, or applied for, by the Company and its subsidiaries may in the future become subject to applications for renewal or applications for grant. Given that the terms on which the Company's permits are granted or renewed (if at all) are generally at the discretion of the relevant governmental or administrative authority, there is a risk that any exploration permit held by the Company may not be renewed in the future, or that any application for grant may be refused, and that the Company may be unable to comply with legislative or regulatory requirements to retain title to its permits or applications. In particular, in respect of the Australian interests, the Company has satisfied its work and expenditure commitments until May 2011, however there is no guarantee that the Company will be able to meet its commitments after as at this date. As a result, the Company may seek a variation of the conditions attaching to these exploration permits or tenement interests and there is no guarantee that such a variation would be granted. If the Company is unable to meet its ongoing commitments in respect of the Australian exploration permits and tenement interests, it may forfeit its interest in these tenements.

If an exploration permit or tenement interest is not granted or renewed (as the case may be) the Company could suffer significant financial damage as a result of the consequential loss of opportunity to develop the geothermal resources belonging to those licences or tenement interests.

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4.17 Sovereign Risk, Foreign Investment and Taxation Risks

The Company has identified South America as an attractive location to explore volcanic geothermal projects for power generation and has been granted exploration permits in Chile and has applied for a number of further exploration permits in Chile and as well as exploration permits in Peru. Although both Chile and Peru are democratic nations with prevailing stable political environments, there is a risk that changes to the political, financial or legal systems in either country may detrimentally affect the Company's operations including changes in exchange rates, fiscal regulations, political insurrection, labour or unionist unrest, inflation, economic recession and civil strife. There is also a risk that the Chilean or Peruvian Governments may, at some time in the future, adopt radical and non-transparent policies regarding nationalisation and the forced expropriation of foreign controlled interests with inadequate, or no compensation and there is a risk that the Company may have limited legal redress in such circumstances.

Chile and Peru have only recently been promoted as favourable destinations for foreign companies to undertake geothermal exploration activities and therefore these countries have a comparatively short history of exploration with no geothermal project development. There is a risk that the favourable conditions presently enjoyed in Chile and Peru in relation to exploration and resource developments by foreign interests may be subject to more extreme changes or political intervention that might not otherwise be expected in other countries with more established exploration and mining laws and policies.

The grant of an exploration permit in Chile and Peru does not automatically confer the right to land access to the permit holder as is common in more developed nations. In Chile and Peru, it is common practice for exploration companies to negotiate and enter into private agreements with landholders in order to conduct exploration activities on the land the subject of the exploration permit. If the Company applies for exploration permits in Chile and Peru, there is a risk that the Company may not be able to negotiate suitable access arrangements with landholders and this could potentially inhibit the Company's exploration objectives in these countries.

In addition, the Company must conform to the taxation regimes of both Australia, Chile and Peru, and these regimes may be subject to change. The current foreign investment policies in Chile and Peru are conducive to foreign investment however there is a risk such policies may change and adversely affect the Company's ability to conduct business in these countries, successfully repatriate funds to Australia and retain its foreign assets.

4.18 Other risks

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may, in the future, materially affect the financial performance of the Company and the value of the New Shares.

5. Additional information

5.1 Section 708AA Corporations Act

The Company is a disclosing entity and therefore subject to regular reporting and disclosure obligations under the *Corporations Act*. Under those obligations, the Company is obliged to comply with all applicable continuous disclosure and reporting requirements in the Listing Rules.

This Offer Document is issued under Section 708AA(2)(f) of the *Corporations Act*. This section enables disclosing entities to issue an Offer Document in relation to securities in a

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class of securities which has been quoted by ASX at all times during the 12 months before the date of the Offer Document or options to acquire such securities. Apart from formal matters this Offer Document need only contain:

- (a) information that is excluded information as at the date of the Offer Document pursuant to section 708AA (8) and (9); and
- (b) that states:
 - (1) the potential effect the issue of the New Shares and New Options will have on the control of the Company; and
 - (2) the consequences of that effect.

5.2 Excluded Information

The Company is required to set out in the notice required by section 708AA(2)(f) of the Corporations Act any information that is “excluded information” as at the date of the notice, but only to the extent to which it is reasonable for investors and their professional advisers to expect to find the information in a disclosure document. The Company will issue the notice required by section 708AA(2)(f) of the Corporations Act within the 24 hour period prior to making the Offer to Shareholders.

“Excluded information” for this purpose is information that has been excluded from a continuous disclosure notice in accordance with the market operator’s listing rules and that is information that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of the assets and liabilities, financial position and performance, profits and losses and prospects of the body, or the rights and liabilities attaching to the relevant securities.

The following information has not previously been disclosed to the market as the Company has not had an obligation to do so pursuant to Listing Rule 3.1A, however, this information is now being disclosed as required by section 708AA of the Corporations Act.

The Company through its subsidiary Hot Rock Chile S.A. (**HRC**) had previously entered a conditional joint venture agreement in respect of the exploration and development of HRC’s geothermal application Santa Caterina2. The conditions in the joint venture agreement were not satisfied within the contemplated timeframes. The Company, through HRC, will continue to have discussions in respect of potential joint venture arrangements with respect to its various projects.

5.3 Underwriting Agreement

The Company has entered into an Underwriting Agreement with Bizzell Capital Partners Pty Ltd (**the Underwriter**) on 5 November 2010 pursuant to which Bizzell Capital Partners Pty Ltd has agreed to fully underwrite the Offer.

Set out below is a summary of the material terms of the Underwriting Agreement.

- (a) The Underwriter will be paid by the Company an underwriting fee, being a total of:
 - (1) an amount equal to 5% of the base underwritten amount (which excludes any New Shares to be issued as a result of the exercise of any Existing Vested Options) (**Base Underwritten Amount**) by way of cash; and
 - (2) subject to obtaining shareholder approval, for every \$1.00 of the Base Underwritten Amount, 1 unlisted option to subscribe for ordinary shares in the

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Company exercisable at \$0.25 each on or before 3 years from the date of issue
(**Underwriter Options**).

- (b) In the event that shareholder approval for the issue of the Underwriter Options is not obtained or the Company is not able to issue the Underwriter Options in accordance with any approval that is obtained, the Company will pay a total amount equal to 6% of the Base Underwritten Amount by way of cash.
- (c) In the event that any Existing Vested Options are exercised after 5 November 2010 but before the Record Date, entitling the holder of the Shares issued upon exercise of the Existing Vested Options to participate in the Offer, the Underwriter will be paid a cash fee of 5% in respect of the underwriting commitment relating to the Additional Shares issued as a result of the exercise of the Existing Vested Options.
- (d) In addition to the above fees, the Underwriter will be paid the following fees;
 - (1) an amount equal to 5% of the amount raised under the Placement announced on 5 November 2010; and
 - (2) the fee set out in paragraph 5.2(i) in respect of the Additional Placement.
- (e) The Company has agreed to indemnify the Underwriter, in respect of all costs of and incidental to the Offer, and indemnify the Underwriter and its related parties against all liabilities, losses, damages, costs or expenses arising out of the Offer Document and associated documents to the Offer.
- (f) The Underwriting Agreement provides that the Underwriter may terminate its obligations to underwrite the Offer upon the happening of termination events that are set out below.
- (g) The Underwriter's right to terminate the Underwriting Agreement is subject to the following:
 - (1) where the Company is notified of a termination event and remedies the event within five Business Days after the notice is given;
 - (2) the Underwriter may continue to underwrite the Offer after the happening of any one or more of the events set out above, at its sole discretion. In doing so, the Underwriter may reserve its rights to terminate the Underwriting Agreement upon the provision of written notice to the Company which notice shall have immediate effect.
- (h) Amongst other matters, the Company has undertaken that in the event that the number of shortfall shares is less than 42,527,002 New Shares, the Company will, if requested by the Underwriter, accept further subscriptions for Shares (up to a maximum of 18,181,818 Shares) at the Offer price by the Underwriter or investors nominated by the Underwriter (**Additional Placement**).
- (i) A further cash fee equal to 5% of the amount raised under the Additional Placement is payable to the Underwriter.

Termination Events

- (j) The Underwriter is entitled to terminate the Underwriting Agreement if any of the following occur:

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- (1) **Federal Grant:** the award of the Federal grant under the Funding Agreement is withdrawn or revoked;
- (2) **lodgement of the Offer Document:** the Company fails to lodge the Offer Documents with ASX on 5 November 2010 except where the sole reason for failing to lodge is an act or omission of the Underwriter;
- (3) **quotation approval:** approval for Quotation is refused or not granted, other than subject to standard conditions customarily imposed, or any other conditions accepted in writing by the Underwriter by the 15 December 2010 or if approval is granted, such approval is subsequently withdrawn qualified or withheld before Completion;
- (4) **S & P/ASX 200 Index fall:** if the S & P/ASX 200 Index is, at any time on 2 consecutive business days after 5 November 2010, prior to the 17 December 2010 more than 10% below the level of that Index at the close of ASX trading on the trading day before the date of lodgement of the Offer Document;
- (5) **ASX:** ASX:
 - (A) announces or makes a statement to any person that the Company will be removed from the official list of ASX or Shares will be suspended from quotation, other than by an announcement by ASX of a trading halt or a voluntary suspension requested by the Company for the purposes of the Offer;
 - (B) removes the Company from the official list;
 - (C) ceases to quote the Shares on ASX;
- (6) **adverse change:** any material adverse change occurs in the assets, liabilities, share capital, share structure, financial position or performance, profits, losses or prospects of the Company and the Group (insofar as the position in relation to an entity in the Group affects the overall position of the Company) from those respectively disclosed in the accounts, offer documents or the public information, including:
 - (A) any material adverse change in the reported earnings or future prospects of the Company or an entity in the Group;
 - (B) any material adverse change in the nature of the business conducted by the Company or an entity in the Group; or
 - (C) the insolvency or voluntary winding up of the Company or an entity in the Group or the appointment of any receiver, receiver and manager, liquidator or other external administrator; or
 - (D) any material adverse change to the rights and benefits attaching to in Shares; or
 - (E) any change that may have a material adverse effect.
- (7) **withdrawal:** the Company withdraws the Offer Documents or terminates the Offer;
- (8) **repayment:** any circumstance arises after lodgement of the Offer Documents that results in the Company either repaying the money received from

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Applicants (other than to Applicants whose Applications were not accepted in whole or in part) or offering Applicants an opportunity to withdraw their Applications for Offer Shares and be repaid their Acceptance Money; or

- (9) **no certificate:** the Company does not provide a closing certificate in the manner required by the Underwriting Agreement;
 - (10) **capital structure:** other than as contemplated by the Offer Document, the Company or any related body corporate of the Company takes any steps to alter its capital structure without the prior written consent of the Underwriter;
 - (11) **judgment:** a judgment in an amount exceeding \$100,000 is obtained against the Company or a related body corporate of the Company and is not set aside or satisfied within 21 days;
 - (12) **process:** any distress, attachment, execution or other process of a Governmental Agency in an amount exceeding \$100,000 is issued against, levied or enforced upon any of the assets of the Company or a related body corporate of the Company and is not set aside or satisfied within 21 days;
 - (13) **financial assistance:** the Company or a related body corporate passes or takes any steps to pass a resolution under section 260B of the *Corporations Act*, without the prior written consent of the Underwriter;
 - (14) **suspends payment:** the Company or a related body corporate of the Company suspends payment of its debts generally;
 - (15) **insolvency:** the Company or a related body corporate of the Company is or becomes unable to pay its debts when they are due or is or becomes unable to pay its debts within the meaning of the *Corporations Act*) or is presumed to be insolvent under the *Corporations Act*;
 - (16) **arrangements:** the Company or a related body corporate of the Company enters into or resolves to enter into any arrangement, composition or compromise with, or assignment for the benefit of, its creditors or any class of them;
 - (17) **ceasing business:** other than as contemplated by the Offer Documents, the Company or a related body corporate of the Company ceases or threatens to cease to carry on business;
- (k) If any of the following occur and the Underwriter reasonably believes that the event has or is likely to have a materially adverse effect on the outcome of the Offer or could give rise to liability for the Underwriter under any law or regulation and the Underwriter has afforded the Company a reasonable time (not exceeding 5 business days) to remedy the event if the event is capable of remedy.
- (1) **disclosures in the Offer Documents:** a statement contained in the Offer Document is materially misleading or deceptive, or a matter required by the *Corporations Act* is omitted from the Offer Document (having regard to section 708AA *Corporations Act*);
 - (2) **market conditions:** any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or in the international financial markets or any material adverse change occurs in national or international political, financial or economic conditions, in each case the effect

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of which is that, in the reasonable opinion of the Underwriter reached in good faith after consultation with the Company, it is impracticable to market the Offer or to enforce contracts to issue, allot or transfer the Shares or that the success of the Offer is likely to be adversely affected;

- (3) **supplementary offer document:** the Company lodges a supplementary offer Document without the consent of the Underwriter or fails to lodge a supplementary offer document in a form acceptable to the Underwriter in circumstances where the Underwriter reasonably believes that the Company is prohibited by the *Corporations Act* from offering Shares under the supplementary offer document;
- (4) **disclosures in due diligence report:** any information supplied by or on behalf of the Company to the Underwriter in relation to the Group or the Offer as part of the due diligence process or becomes materially misleading or deceptive;
- (5) **material contracts:** termination (other than those that terminate due to the effluxion of time) or a material amendment of any material contract of the Company in both cases which have a material adverse effect on the Company;
- (6) **ASX quotation;** if reasonable grounds exist for the Underwriter to believe that any ASX conditions affecting the ASX in giving final approval to quotation of the New Shares will not be completed, fulfilled or waived by ASX so as to result in the New Shares being not granted official quotation by 20 December 2010.
- (7) **hostilities:** hostilities political or civil unrest not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities, political or civil unrest occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States of America, the United Kingdom, any member state of the European Union, Japan, Indonesia, Singapore, Malaysia, Hong Kong, North Korea or the Peoples Republic of China or a significant terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world;
- (8) **general trading suspensions:** trading in securities generally has been suspended or materially limited, for at least one trading day, by any of the New York Stock Exchange, the London Stock Exchange or the ASX;
- (9) **change in management:** a change in the board of Directors of the Company occurs;
- (10) **legal proceedings and offence by Directors:** any of the following occurs:
 - (A) material legal proceedings are commenced against the Company; or
 - (B) any Director is disqualified from managing a corporation under section 206A *Corporations Act*; or
- (11) **change to constitution:** other than as contemplated by the Offer Documents, prior to 17 December 2010, a change to the constitution of the Company or the Company's capital structure occurs without the prior written consent of the Underwriter;
- (12) **compliance with regulatory requirements:** a material contravention by the Company or any entity in the Group of the *Corporations Act*, the Listing Rules, its constitution or any other applicable law or regulation;

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- (13) **Offer Document to comply:** the Offer Document or any aspect of the Offer does not materially comply with the *Corporations Act*, the Listing Rules or any other applicable law or regulation;
- (14) **notifications:** any of the following notifications are made:
- (A) ASIC gives notice of an intention to hold a hearing under section 739(2) *Corporations Act* or issues an order under sections 739(1) or (3) *Corporations Act*;
 - (B) an application is made by ASIC for an order under Part 9.5 *Corporations Act* in relation to the Offer Documents or ASIC commences any investigation or hearing under Part 3 *Australian Securities and Investments Commission Act 2001 (Cth)* in relation to the Offer Documents;
 - (C) the Company or an entity in the Group issues a public statement concerning the Offer which has not been approved by the Underwriter ;
or
- (15) **breach:** the Company breaches any of their material obligations under this Agreement;
- (16) **representations and warranties:** any representation or warranty contained in this Agreement on the part of the Company is breached or becomes false, misleading or incorrect to a material extent;
- (17) **prescribed occurrence:** an event specified in section 652C(1) or section 652C(2) *Corporations Act*, but replacing 'target' with 'Company'; or
- (18) **timetable:** an event specified in the Timetable is delayed for more than 3 Business Days other than as the result of actions taken by the Underwriter or due to requirements of ASX (unless those actions were requested by the Company) or the actions of the Company (where those actions were taken with the Underwriter's prior consent).
- (19) **change in laws:** any of the following occurs which does or is likely to prohibit, materially restrict or regulate the Offer or materially reduce the likely level of valid Applications or materially affects the financial position of the Company or has a material adverse effect of the success of the Offer:
- (A) the introduction of legislation into the Parliament of the Commonwealth of Australia or of any State or Territory of Australia; or
 - (B) the public announcement of prospective legislation or policy by the Federal Government or the Government of any State or Territory or the Reserve Bank of Australia; or
 - (C) the adoption by ASX or their respective delegates of any regulations or policy;
- (20) **failure to comply:** the Company or any related body corporate of the Company fails to comply with any of the following:
- (A) a provision of its Constitution;
 - (B) any statute;

Rights Issue Offer Document

- (C) the Listing Rules;
- (D) a requirement, order or request made by or on behalf of the ASIC, the ASX or any Governmental Agency; or
- (E) any agreement entered into by it;

(21) **Offer Documents**

- (A) in the Underwriter's reasonable opinion:
 - there has been a significant change affecting any matter included in the Offer Documents; or
 - a significant new matter has arisen the inclusion in the Offer Documents of information about which would have been required to be in the Offer Documents if the matter had arisen when the Offer Documents were prepared;
- (B) the Company informs the Underwriter of any change, information or deficiency in the Offer Document, or lodges a supplementary offer document.

- (22) **due diligence:** there is a material omission from the results of the due diligence investigation performed in respect of the Company or the verification material or the results of the due diligence investigation or the verification material are false or misleading.

5.4 Sub-Underwriting Agreements

Bizzell Capital Partners Pty Ltd has entered into Sub-underwriting Agreements with, amongst others, Peter Barnett, a director of the Company on 5 November 2010.

Set out below is a summary of the material terms of the Sub-underwriting Agreement.

- (a) Mr Barnett has agreed to sub-underwrite a maximum of 600,000 New Shares, representing a maximum sub-underwritten amount of \$33,000.
- (b) In the event of a Shortfall, Mr Barnett is required to subscribe (or procure subscriptions) for up to a maximum of 600,000 New Shares. These New Shares will be allocated to Mr Barnett from the Shortfall on a priority basis.
- (c) Mr Barnett has no right to terminate the Sub-Underwriting Agreement. The Sub-underwriting Agreement will terminate if the Offer does not proceed or the Underwriting Agreement is terminated.

5.5 Rights and liabilities attaching to New Shares

The New Shares will have from issue the same rights attaching to all existing Shares on issue. The rights attaching to ownership of the New Shares are set out in the Company's Constitution, a copy of which is available for inspection at the registered office of the Company during business hours.

This Offer Document does not contain a summary of the principal rights and liabilities of holders of the New Shares.

Rights Issue Offer Document

5.6 Expenses of the Offer

All expenses connected with the Offer are being borne by the Company. Total expenses of the Offer are estimated to be in the order of \$170,000. Estimated additional expenses of \$50,000 will be incurred if the Additional Placement is completed.

5.7 Consents and disclaimers

Written consents to the issue of this Offer Document have been given and at the time of this Offer Document have not been withdrawn by the following parties:

Link Market Services Limited has given and has not withdrawn its consent to be named in this Offer Document as the share registry of the Company in the form and context in which it is named. It has had no involvement in the preparation of any part of this Offer Document other than recording its name as share registrar to the Company. It takes no responsibility for any part of the Offer Document other than the references to its name.

HopgoodGanim Lawyers has given and has not withdrawn its consent to be named in this Offer Document as solicitors to the Offer in the form and context in which it is named. It has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for any part of the Offer Document other than references to its name.

Bizzell Capital Partners Pty Ltd has given and has not withdrawn its consent to be named in this Offer Document as the Underwriter in the form and context in which it is named. It has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for any part of the Offer Document other than references to its name.

5.8 Directors' statement

This Offer Document is issued by Hot Rock Limited. Each director has consented to the lodgement of the Offer Document with ASX.

Signed on the date of this Offer Document on behalf of Hot Rock Limited by:



Dr Mark Elliott
Executive Chairman
Hot Rock Limited

Rights Issue Offer Document

6. Definitions and glossary

Terms and abbreviations used in this Offer Document have the following meaning:

Acceptance	An acceptance of Entitlements
Acceptance Money	The Offer Price multiplied by the number of New Shares accepted for
Additional Shares	New Shares applied for by Eligible Shareholders in excess of their Entitlement
AEDT	Australian Eastern Daylight Time
Applicant	A person who submits an Entitlement and Acceptance Form
Application	A submission of an Entitlement and Acceptance Form accompanied by the relevant Acceptance Money or arranging for payment of the relevant application money through Bpay® in accordance with the instructions on the Entitlement and Acceptance Form.
ASIC	Australian Securities & Investments Commission
ASX	ASX Limited ACN 008 624 691
Board	The board of directors of the Company
CHESS	means the clearing house electronic sub register system, an automated transfer and settlement system for transactions in securities quoted on the ASX under which transfers are effected in paperless form.
Closing Date	The date by which valid acceptances must be received by the Share Registrar being 5.00pm (Brisbane Time) 9 December 2010 or such other date determined by the Board
Company or Hot Rock	Hot Rock Limited ACN 120 896 371
Constitution	The Constitution of the Company
Corporations Act	<i>Corporations Act</i> 2001 (Cth)
Eligible Shareholder	A shareholder of the Company that holds shares in the Company on the Record Date
Entitlement	The entitlement to accept New Shares under this Offer Document
Entitlement and Acceptance Form or Form	An entitlement and acceptance form in the form accompanying this Offer Document
Entitlements	The entitlement to accept New Shares under this Offer Document
Existing Options	All existing options to subscribe for Shares currently on issue as at the date of this Offer Document
Existing Vested Options	Those Existing Options that have vested in the option holder and are capable of exercise prior to the Record Date
Funding Agreement	The Geothermal Drilling Program (GDP) Round 2 Funding Agreement between the Company and the Department of Resources, Energy and Tourism dated 16 August 2010

Rights Issue Offer Document

Group	Hot Rock and its subsidiaries
Additional Placement	The potential Additional Placement of 16,666,667 Shares as described in section 1.16 of this Offer Document
Listing Rules	The official listing rules of the ASX
Offer	The offer to issue New Shares in accordance with this Offer Document
Offer Price	\$0.055 for each New Share applied for
Opening Date	The date of commencement of the Offer in respect of the Preference Shares, expected to be 19 November 2010
Option Holders	The holders of the Existing Options
Options	Options on issue in the Company from time to time
Offer Document	This Offer Document dated 5 November 2010 as modified or varied by the Company
Placement	The placement of 16,867,500 ordinary shares at \$0.06 each to raise \$832,050 announced by the Company on 5 November 2010
Record Date	16 November 2010
Register	The company register of the Company
securities	Has the same meaning as in Section 92 of the Corporations Act
Relevant Interest	Has the same meaning as in section 608 of the <i>Corporations Act</i>
Share Registry	Link Market Services Limited
Shares	The ordinary shares on issue in the Company from time to time
Shareholders	The holders of Shares from time to time
Shortfall	Those New Shares for which the Entitlement lapses and the benefit reverts to other Eligible Shareholders that have applied for Additional Shares, the Underwriter or such other parties as determined by the Directors in consultation with the Underwriter
Sophisticated investor	Investors selected by or on behalf of the Company who are investors who fall within the exemptions provided by sections 708(8), (10) or (11) of the Corporations Act
Underwriter	Bizzell Capital Partners Pty Ltd ACN 118 741 012

Rights Issue Offer Document

7. Corporate directory

Directors	Solicitors to the Offer
Dr Mark Elliott (Executive Chairman) Mr Peter Barnett (Managing Director) Mr Michael Sandy (Non Executive Director) Mr Stephen Bizzell (Non Executive Director)	HopgoodGanim Lawyers Level 8 Waterfront Place 1 Eagle Street Brisbane Qld 4000
Administration and Registered Office	Share Registry
Hot Rock Limited Level 5 60 Edward Street Brisbane Qld 4000	Link Market Services Limited Level 15 324 Queen Street Brisbane Qld 4000
Underwriter	
Bizzell Capital Partners Pty Ltd Level 11 1 Eagle Street Brisbane Qld 4000	

The background of the slide is a photograph of an oil rig at sunset. The rig's structure is silhouetted against a bright orange and yellow sky. The sun is low on the horizon, creating a strong glow. The rig has a tall derrick with various cables and platforms.

Hot Rock Limited

Investor Presentation

Dr Mark Elliott

Executive Chairman

November 2010



Disclaimer

This document has been prepared by Hot Rock Limited (“**Hot Rock**”) to provide a summary of the company’s activities as at the date this document was finalised, being 5 November 2010. None of Hot Rock, nor any of its related bodies corporate, their respective directors, partners, employees or advisers or any other person (“**Relevant Parties**”) makes any representations or warranty to, or takes responsibility for, the accuracy, reliability or completeness of the information contained in this document, to the recipient of this document (“**Recipient**”), and nothing contained in it is, or may be relied upon as, a promise or representation, whether as to the past or future.

The information in this document does not purport to be complete nor does it contain all the information that would be required in a disclosure statement or prospectus prepared in accordance with the Corporations Act 2001 (Commonwealth). It should be read in conjunction with Hot Rock’s other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at www.asx.com.au.

This document is not a recommendation to acquire Hot Rock shares and has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek appropriate advice, including financial, legal and taxation advice appropriate to their jurisdiction. Except to the extent prohibited by law, the Relevant Parties disclaim all liability that may otherwise arise due to any of this information being inaccurate or incomplete. By obtaining this document, the Recipient releases the Relevant Parties from liability to the Recipient for any loss or damage that it may suffer or incur arising directly or indirectly out of or in connection with any use of or reliance on any of this information, whether such liability arises in contract, tort (including negligence) or otherwise.

This document contains certain statements. The words “forecast”, “estimate”, “like”, “anticipate”, “project”, “opinion”, “should”, “could”, “may”, “target”, “de-risk”, “quality” and other similar expressions are intended to identify future earnings, financial position and performance of Hot Rock. You are cautioned not to place undue reliance on these statements. Although due care and attention has been used in the preparation of these statements, such statements, opinions and estimates are based on assumptions and contingencies that are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. There can be no assurance that any estimates, targets, projections or similar statements are attainable or will be realised.

Recipients of the document must make their own independent investigations, consideration and evaluation. By accepting this document, the Recipient agrees that if it proceeds further with its investigations, consideration or evaluation of investing in Hot Rock it will make and rely solely upon its own investigations and inquiries and will not in any way rely upon this document. In furnishing this document, Hot Rock does not undertake any obligation to update any of the information contained herein or to correct any inaccuracies which may become apparent.

This document is not and should not be considered to form any offer or an invitation to acquire Hot Rock shares or any other financial products, and neither this document nor any of its contents will form the basis of any contract or commitment. Offers of shares will only be made in places in which, or to persons to whom, it would be lawful to make such offers. In particular, this document does not constitute any part of any offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of any “US person” as defined in Regulation S under the US Securities Act of 1993 (“Securities Act”) unless you are a “qualified institutional buyer” (as defined in rule 144A of the Securities Act) to whom an offer has been made by Hot Rock. Hot Rock shares have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States or to any US person without being so registered or pursuant to an exemption from registration including an exemption for qualified institutional buyers (as defined above).

Hot Rock recommends that potential investors consult their professional advisors as an investment in Hot Rock is considered to be speculative in nature.

The information in this Statement that relates to Geothermal Resources has been compiled by Peter Barnett, an employee of Hot Rock. Mr Barnett has over 30 years’ experience in the determination of crustal temperatures and stored heat for the style relevant to the style of geothermal play outlined in this presentation. He is a member of the Geothermal Resources Council and the International Geothermal Association, a current board member of the New Zealand Geothermal Association, a past board member of the Auckland University Geothermal Institute Board of Studies and a current member of the Economics Sub Committee of the Australian Geothermal Association. Mr Barnett qualifies as a Competent Person as defined by the Australian Code of Reporting of Exploration Results, Geothermal Resources and Geothermal Reserves (2008 Edition). Mr Barnett consents to the public release of this report in the form and context in which it appears. Neither Mr Barnett nor Hot Rock takes any responsibility for selective quotation of this Statement or if quotations are made out of context.

All amounts are in Australian dollars (AUD) unless otherwise stated.



Outline of presentation

1. **Executive Summary**
2. **Corporate Overview**
3. **Geothermal Energy Background**
4. **Chile and Peru Projects**
5. **Australian Projects**
6. **Future Milestones**
7. **Capital Raising**
8. **Conclusions**



Executive summary

- 1. Geothermal company focused on lower risk, conventional commercially viable geothermal project types**
- 2. Strong management team with significant geothermal exploration and development experience**
- 3. Commencing exploration on quality volcanic projects in Chile and Peru with surface hot springs indicative of geothermal reservoirs at depth**
- 4. Key project (Koroit) targeting HSA in Victoria, close to market and de-risked through extensive exploration database**
- 5. \$7 million GDP grant for Koroit from the Federal government**
- 6. In discussion with potential joint venture partners**
- 7. Completing \$3.1 million capital raising to fund exploration in South America and Victoria**



Management & Board

Experienced team of resource project developers



Dr Mark Elliott Executive Chairman
Economic geologist & director with over 33 years experience
Experience in corporate management and resource industry



Mr Peter Barnett Managing Director
Geothermal Manager worked in 16 countries with Sinclair Knight Merz
30 years experience in geothermal with 300 wells
Associated with discovery and development of 40% of world's geothermal generation capacity



Mr Luis Urzua Geothermal Resource Mgr
Geologist and Civil Engineer with 10 years experience in geothermal, 20 wells
Developed over 380MW of geothermal generation capacity



Mr Mike Sandy Non-exec Director
Petroleum geologist & director with over 32 years experience
Experience in building companies and energy production



Mr Paul Marshall Co. Sec & CFO
Accountant and lawyer ex-Ernst & Young
15 years experience in resource companies



Mr Stephen Bizzell Non-exec Director
Accountant with 15 years experience in corporate finance and management
Previously executive director of \$3.5 billion coal seam gas company Arrow Energy
Experience in energy industry and capital markets



HRL achievements to date

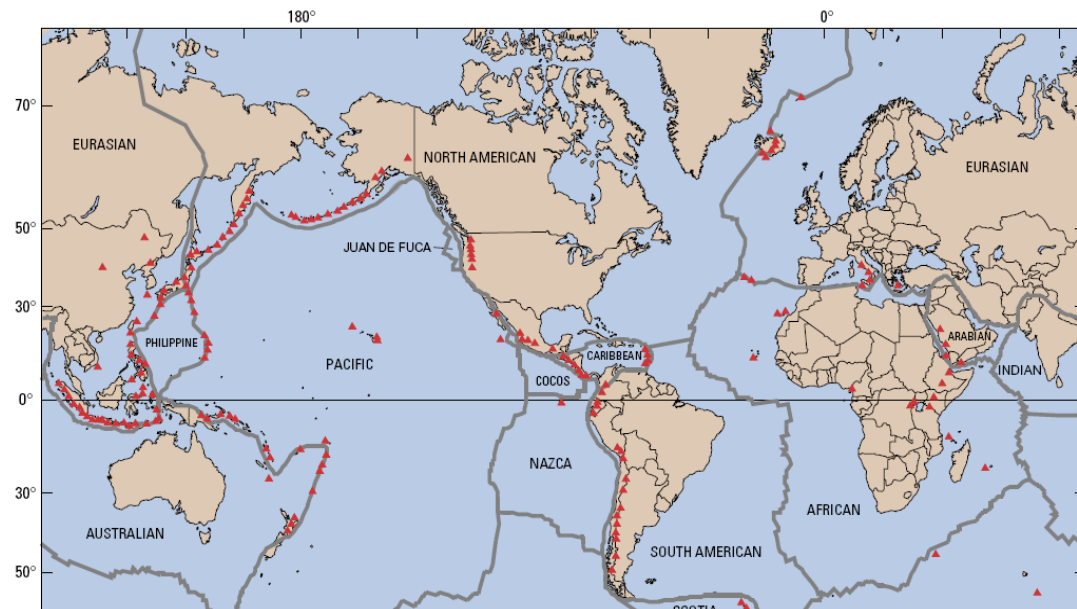
- ✓ Securing multiple quality projects in Australia, Chile and Peru
- ✓ \$7 million GDP government grant for Koroit Project
- ✓ Completed three geothermal resource assessments for 180,000PJ in Otway Basin
- ✓ Koroit drilling and testing program ready for early 2011 spud
- ✓ Completion of Chile and Peru's commercial and geothermal potential, lodged exploration applications
- ✓ Granted three high quality volcanic geothermal tenements in Chile
- ✓ Eight applications in Chile and eight in Peru
- ✓ Appointment of Stephen Bizzell to the board and other key management for growth



HRL strategy

“Focus on commercially proven Hot Sedimentary Aquifer (HSA) and volcanic targets in our quest to become a leading producer of geothermal power”

- Early mover advantage
- Base-load (24hr/7days)
- Low emission power
- Global geothermal production is focused on Volcanic & Hot Sedimentary Aquifer terrains
- Government incentives are accelerating global geothermal exploration & development



Corporate and financial overview

- ASX: HRL
- Share capital: 92.5 M shares, 25.5 M options
- Market Cap: \$7.0 million
- Cash position: A\$0.5 million as at 30/09/10
- GDP grant: A\$7 million
- Shareholders 1,034
- Top 20 Shareholders – 54%
- Board and management – 20%

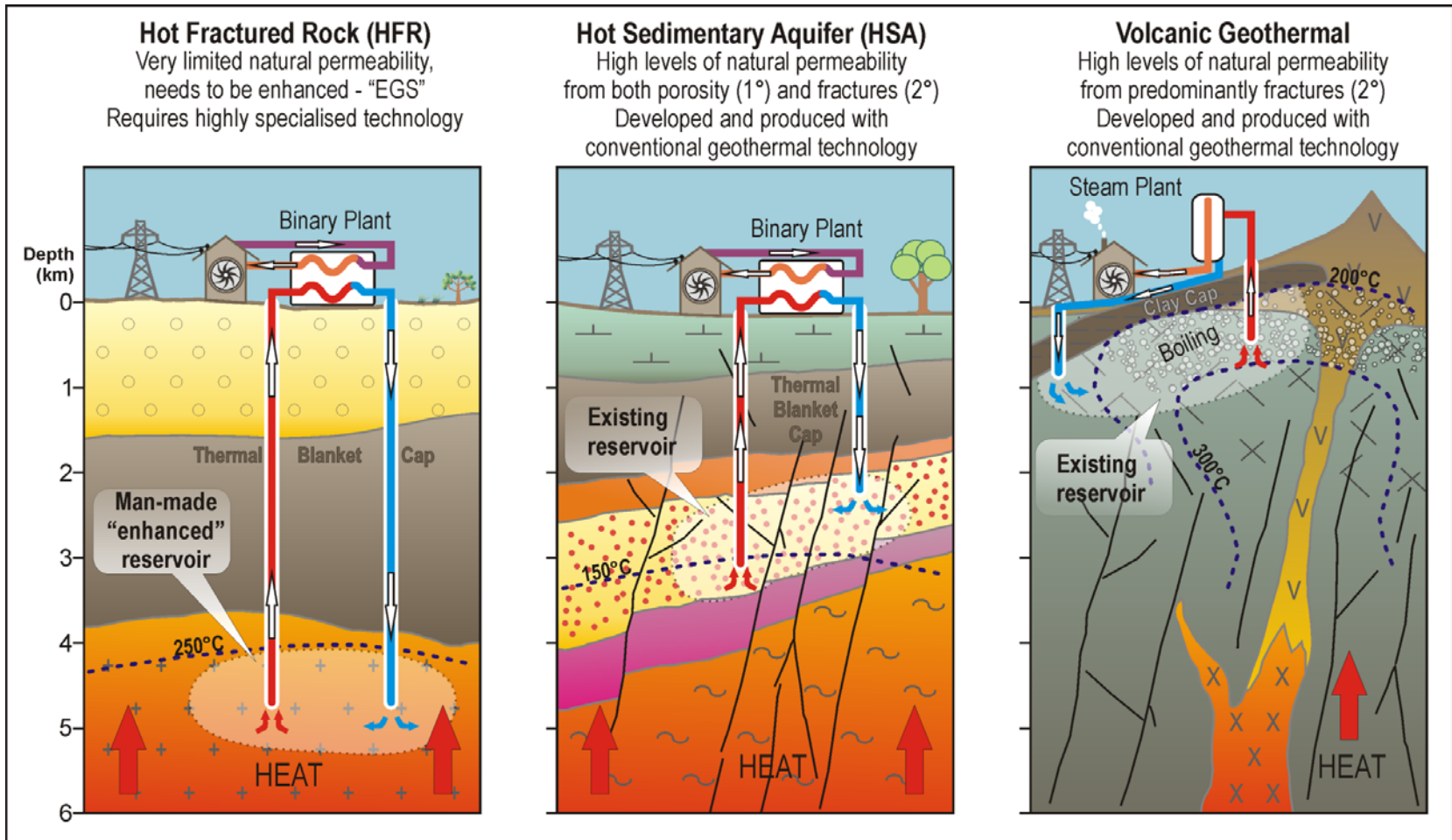
Top 10 shareholders

1	LORRAINE JEAN ZILLMAN	7,500,000	8.1%
2	ELLIOTT NOMINEES P/L	6,500,000	7.0%
3	CHIMAERA CAPITAL LIMITED	5,475,000	6.0%
4	IAN LINDSAY CAMPBELL	5,000,000	5.4%
5	AUSTRALIAN HERITAGE GROUP PTY	4,000,000	4.3%
6	BIZZELL NOMINEES PTY LTD	3,000,000	3.2%
7	DR BARRY BARKER & JAYE BARKER	2,000,000	2.2%
8	BCP ALPHA INVESTMENTS PTY LTD	2,000,000	2.2%
9	MICHAEL JOHN SANDY	2,000,000	2.2%
10	PETER RODNEY BARNETT	2,000,000	2.2%

Share price performance



Geothermal play types



No commercial operations

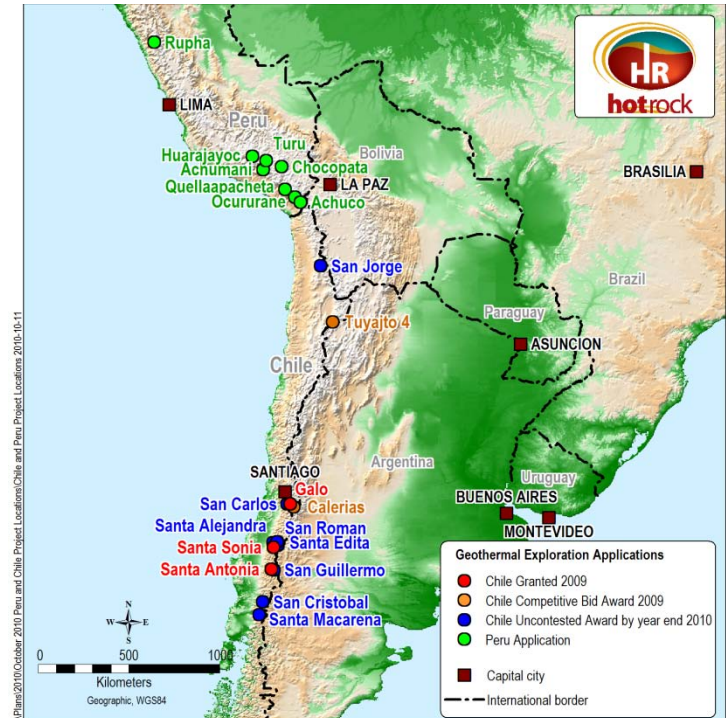
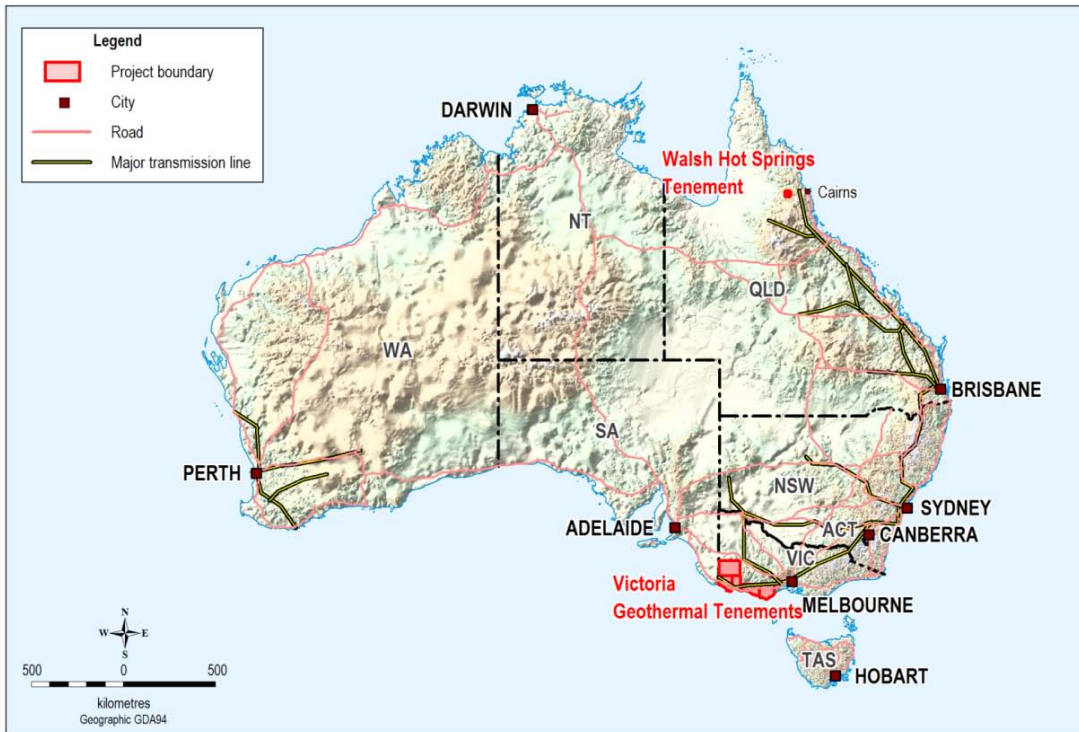
Operating for over 25 years

Operating for nearly 100yrs
 96% of installed generation capacity

Geothermal project type and locations

Australia

South America



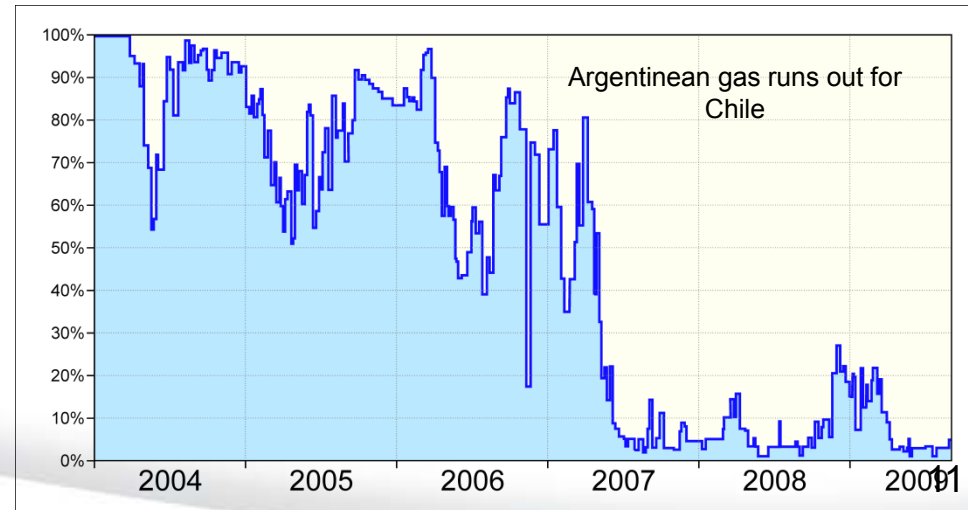
Medium temperature (130 to 180°C) HSA Targets

High temperature (200 to 350°C) Volcanic targets



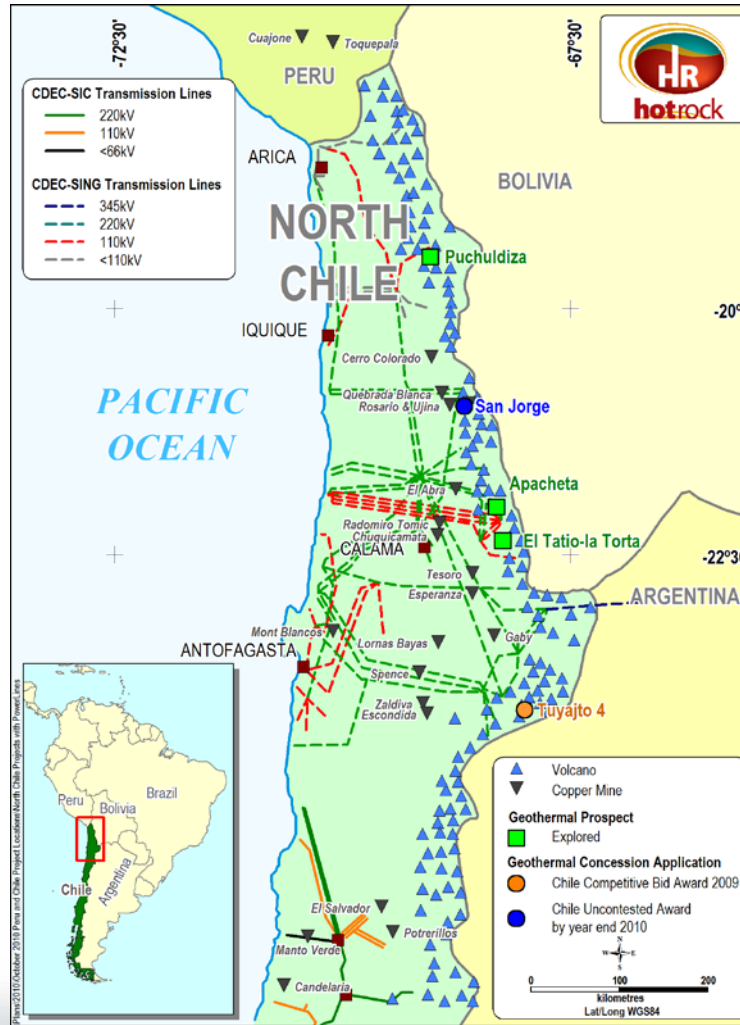
Chile – Impressive geothermal potential

- Pegging rush
 - Major companies e.g. ORMAT, EDC, Magma, RAM, Colbun, Origin wanting to explore in Chile
- Low sovereign risk
 - Ranked 3rd (Fraser Institute)
 - Free trade agreement with Australia – 17% tax rate
- Attractive power market
 - World's largest copper producer
 - US\$30 billion of new projects to 2014
 - Increased power costs due to recent fossil fuel power crisis



Chile – Quality volcanic targets

- 3 granted volcanic tenements
- 8 other concessions awaiting grant
- Near transmission networks



Peru – Quality volcanic targets

- 8 high temperature volcanic applications
- Surface hot spring geochemistry indicate resource temp. >260°C
- Large copper producer
- Prospects near transmission networks



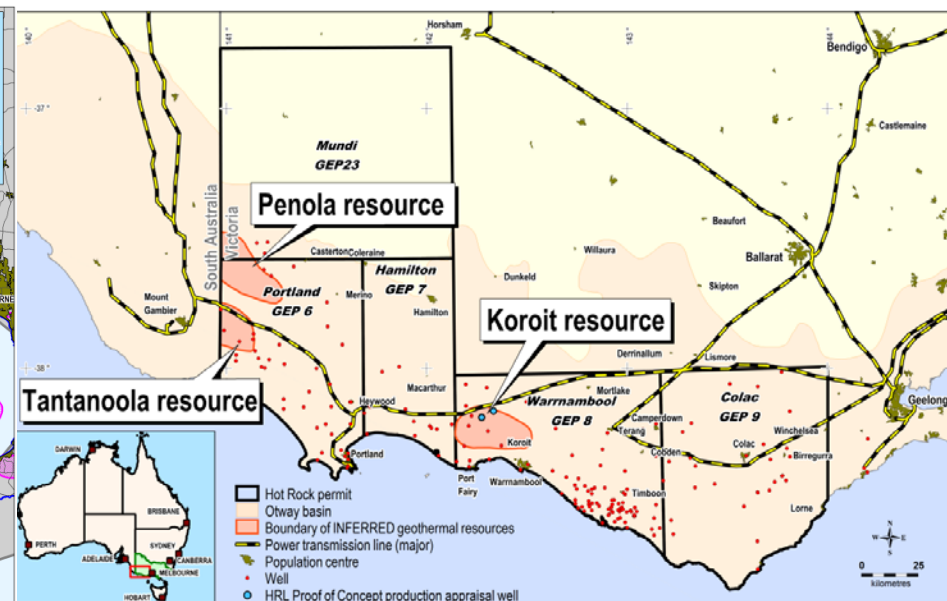
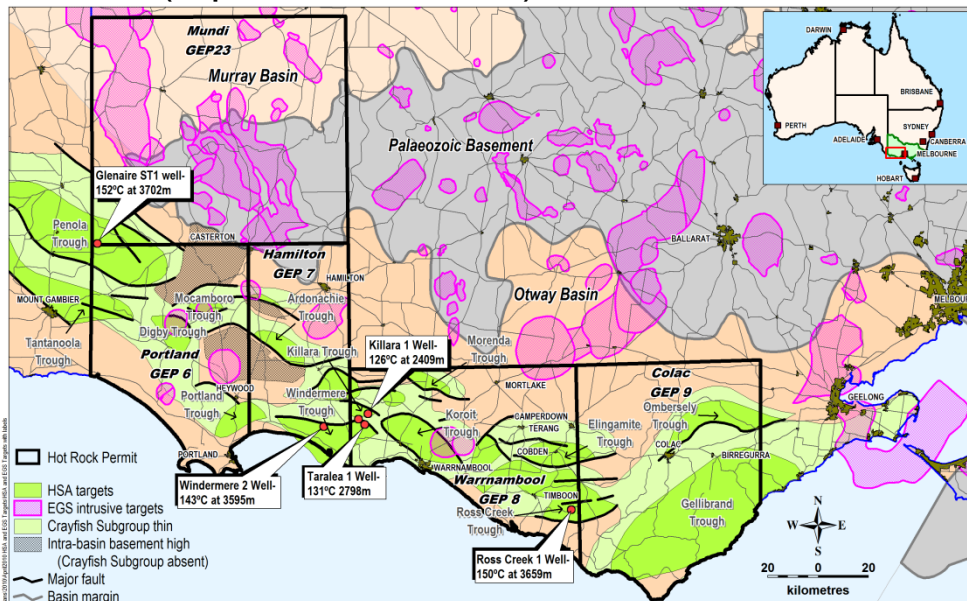
Victoria – Large HSA geothermal resources

- Extensive fractured sandstone reservoirs in tenements
- Direct temperature measurements into Koroit and Penola reservoirs
- Large in-situ resource of 180,000PJ
- 1000PJ represents 1300MWe (equiv 1.3m homes)

Geothermal resources

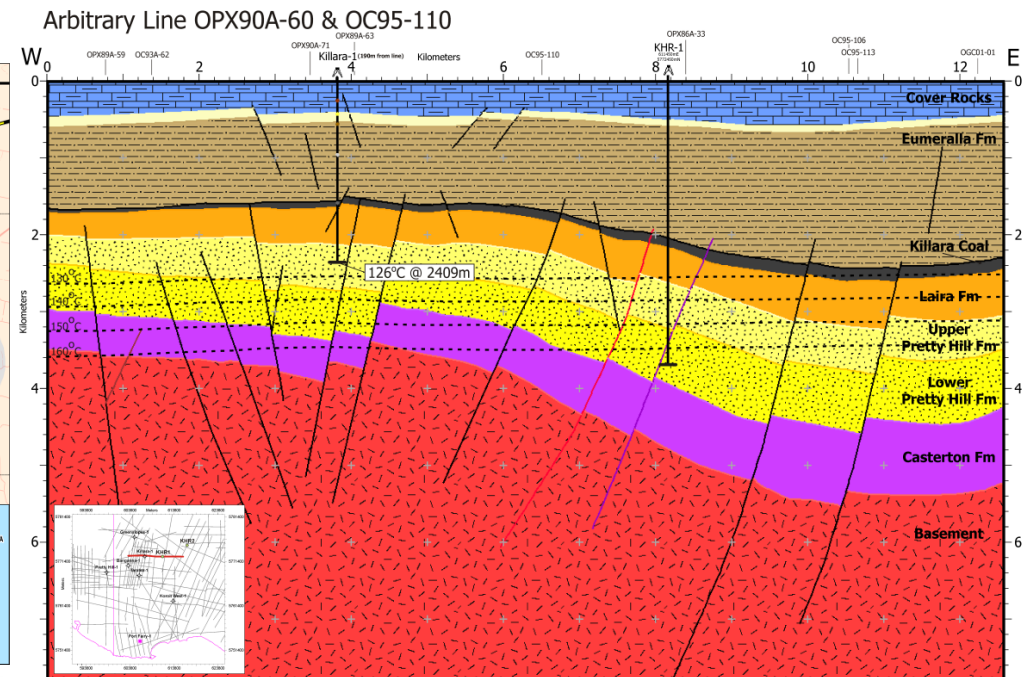
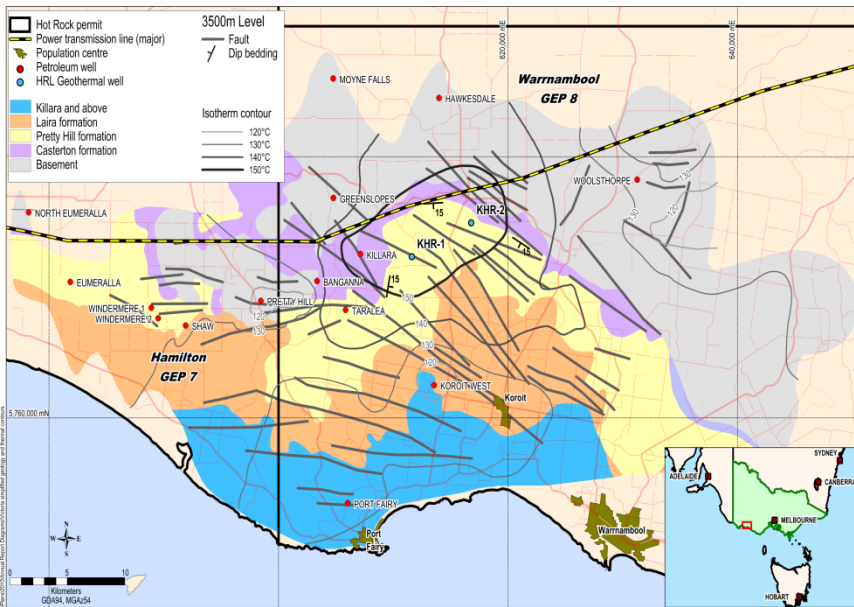
Name	Area km ²	Volume km ³	Indicated PJ	Inferred PJ	Total PJ
Koroit	450	387	7,600	59000	66,300
Penola	440	490	6,700	84,000	90,700
Tantanoola	180	130		22,000	22,000
Total	1,070	1,010	14,300	165,00	180,000

Note: Resource assessment employs a probabilistic Monte Carlo simulation method to estimate in-place stored heat.



Koroit Project

- Targeting a 1,000m thick fractured sandstone reservoir
- KHR-1 temperature 165°C at 3,700m
- Excellent evidence for permeability well flow rates >170 kg/sec
- Estimated over 500MWe of potential generation



Company Program – next 3 years

1. Advancing exploration for delineating geothermal targets
2. Drilling and testing targets
3. Evaluation of results
4. Feasibility studies
5. Commitment of pilot and commercial plants in Australia, Chile and Peru

Projects	2011				2012				2013			
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
Otway Basin		Drill		Drill	Pump tests		Evaluation			Pilot plant		
Chile	MT Surveys		Interpretation		Drill							
Peru				MT Surveys	Interpretation			Drill				
Queensland	Mapping & Sampling					MT Survey				Drill		

Note: this program will change as more tenements are granted

Capital raising overview

Placement to sophisticated investors

- 13.8 million new shares – 15% of current issued capital
- Issue price of \$0.06 per share
- Raising \$0.8 million
- 20.0% discount to the 5 day VWAP and 21.1% discount to the last close
- Lead manager Bizzell Capital Partners

Rights issue

- 2 for 5 non-renounceable rights issues at \$0.055 per share
- Raising \$2.3 million
- Fully underwritten by Bizzell Capital Partners
- Rights issue price of \$0.055 per share represents a discount of:
 - 27.6% to the last close (\$0.076)
 - 19.7% to the TERP (\$0.071)



Uses and source of funds

Sources of Funds	\$m
Opening cash (as at 30 Sept)	0.5
Proceeds from the placement	0.8
Proceeds from the rights issue ⁽¹⁾	2.3
Total	\$3.6m

Uses of Funds	\$m
Exploration in Chile	1.5
Exploration in Peru	0.5
Preparation for Koroit drilling	0.6
Corporate and working capital	0.8
Capital raising costs	0.2
Total	\$3.6m⁽²⁾

Notes:

(1) Fully underwritten by Bizzell Capital Partners

(2) Excludes \$6.65m in GDP drilling grant for the Koroit project, funding available subject to satisfaction of certain conditions.

(3) Any proceeds raised from the issue of additional shares referred to in Section 1.15 of the Offer Document will be used to fund exploration in Chile and Peru.



Timetable

Placement

Event	Date
Trading halt	Wednesday, 3 November 2010
Placement book closes	Thursday, 4 November 2010
Announce placement and rights issue	Friday, 5 November 2010
Placement settlement	Wednesday, 10 November 2010
Placement shares commence trading	Thursday, 11 November 2010

Rights issue

Event	Date
Ex-date	Wednesday, 10 November 2010
Record date	Tuesday, 16 November 2010, 7pm
Offer opens	Friday, 19 November 2010
Offer closes	Thursday, 9 December 2010
Allotment	Friday, 17 December 2010
Trading of rights issue shares	Monday, 20 December 2010

Note: Dates are indicative and are subject to change



Conclusions

1. HRL is building an impressive team and portfolio of quality geothermal projects, suitable for near-term development close to transmission networks and markets in Australia, Chile and Peru.
2. Koroit is a quality geothermal project in Victoria, which has potential for over 500MWe of clean base load power. Project is at the drilling stage.
3. Exploration will commence in Chile and Peru in early 2011. Surface hot springs, fumaroles and sinter deposits are present and are strong indicators of significant geothermal deposits.